

## Message Text

UNCLASSIFIED

PAGE 01 HALIFA 00171 291753Z  
ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 OMB-01 TRSE-00 EB-08 COME-00  
AID-05 IGA-02 CIAE-00 DODE-00 PM-04 H-02 INR-07  
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15  
USIA-15 /085 W  
-----291927Z 057394 /41

P 291550Z APR 77  
FM AMCONSUL HALIFAX  
TO SECSTATE WASHDC PRIORITY 1611  
INFO AMEMBASSY OTTAWA  
TO ALL CONSULATES IN CANADA (BY POUCH)

UNCLAS HALIFAX 0171

E O 11652: N/A  
TAGS: EFIN CA  
SUBJECT: NEWFOUNDLAND'S BUDGET: REQUIEM FOR A  
PAPER MILL

1. FINANCE MINISTER WILLIAM DOODY ANNOUNCED A RECORD DOLS 1.1 BILLION BUDGET FOR FY 1977 TO NFLD'S HOUSE OF ASSEMBLY ON APR 28. IT IS A TOUGH BUDGET WITH A NUMBER OF ANNOUNCED TAX INCREASES AND LITTLE IN THE WAY OF INCREASED BENEFITS. THE MOST NOTEWORTHY FEATURE OF THE NEW BUDGET WAS THE ANNOUNCEMENT THAT THE CROWN-OWNED LABRADOR LINERBOARD MILL AT STEPHENVILLE, ON NEWFOUNDLAND'S WEST COAST, WILL BE CLOSED WITHIN SIX MONTHS.

2. TAX INCREASES ARE TO BE IMPOSED ON TOBACCO, INSURANCE PREMIUMS, AND PERSONAL INCOME. GOVERNMENT SPENDING ON FISHERIES DEVELOPMENT WILL INCREASE FROM NEARLY DOLS 16 MILLION TO NEARLY DOLS 24 MILLION. ALSO TO BENEFIT WILL BE RETIRED CIVIL SERVANTS WHOSE PENSIONS RECEIVED A 6 PERCENT INCREASE AND SOCIAL ASSISTANCE RECIPIENTS WHO BENEFITS WHO ALSO RECEIVED A 6 PERCENT RAISE. ASIDE FROM THESE INCREASES, HOWEVER, THERE WAS UNCLASSIFIED

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LITTLE IN THE BUDGET IN THE WAY OF NEW BENEFITS. IT WILL BE NOTED, MOREOVER, THAT THE INCREASES FOR GOVERNMENT RETIREES AND FOR SOCIAL ASSISTANCE RECIPIENTS CAME NOWHERE NEAR MATCHING THE ANNUAL RATE OF INFLATION.

3. CLOSURE OF THE LINERBOARD MILL AT STEPHENVILLE WILL BE A GRIEVOUS BLOW TO THE AREA BUT HAS BEEN LONG

EXPECTED. THE MILL DATES FROM THE REGIME OF EX-PREMIER JOEY SMALLWOOD AND WAS A GOVERNMENT-SUPPORTED VENTURE OF SMALLWOOD'S CRONY, JOHN DOYLE, WHO IS NOW ON THE LAM FROM THE POLICE OF BOTH THE UNITED STATES AND CANADA. BUILT TO TAKE UP THE ECONOMIC SLACK RESULTING FROM THE CLOSURE OF THE USAF'S ERNEST HARMON AB IN 1966, THE MILL'S VIABILITY WAS PREMISED ON THE SPECIOUS ASSUMPTION THAT IT COULD BE SUPPLIED WITH WOOD BROUGHT BY SEA FROM LABRADOR. THIS AWKWARD AND EXPENSIVE METHOD OF SUPPLY, HOWEVER, MEANT THAT THE MILL'S COST PER CORD OF WOOD WAS APPROXIMATELY DOUBLE THAT OF COMPETING MILLS IN THE US SOUTHLAND.

4. AM OBTAINING COPIES OF BUDGET MESSAGE AND WILL POUCH THEM TO EMBASSY OTTAWA AND EUR/CAN.

MOORE

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NNN

## Message Attributes

**Automatic Decaptoning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PROVINCE, BUDGETS  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
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**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770150-0886  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** b638b2a5-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**SAS ID:** 2812740  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEWFOUNDLAND\S BUDGET: REQUIEM FOR A PAPER MILL  
**TAGS:** EFIN, CA, (DOODY, WILLIAM)  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/b638b2a5-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
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